Policy and Research - Commissioning, Communities and Policy

Derbyshire Economic Review - June 2019

Introduction

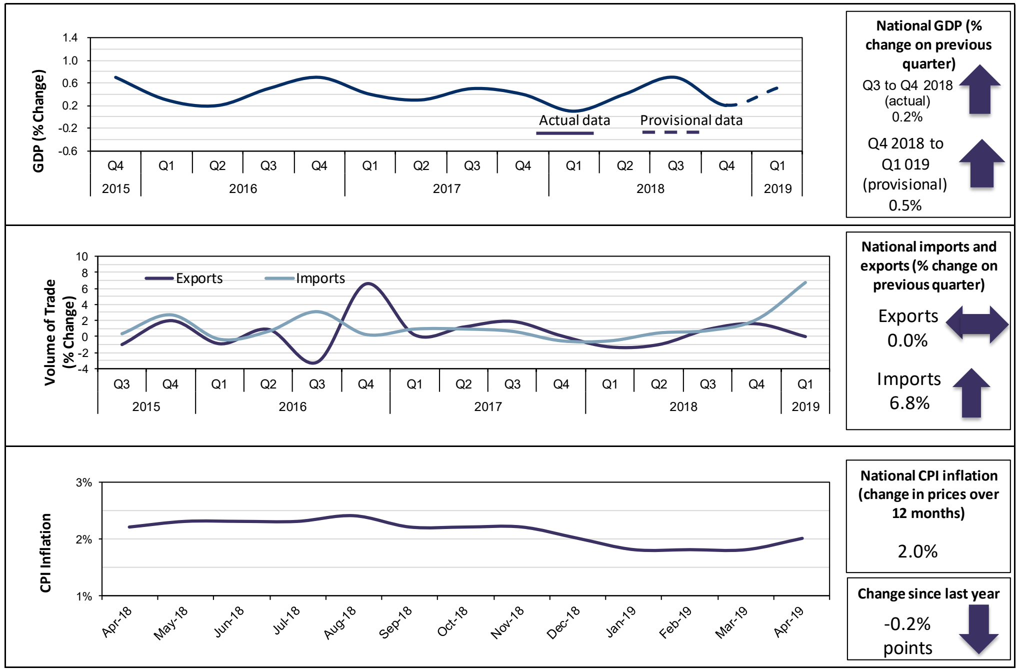
This document gives a brief overview of the latest statistics and news on the Derbyshire[1] economy both in a national and local context. The report provides a 'snapshot' of the Derbyshire economy, to help inform the development and delivery of economic strategies in the area. It is primarily based on evidence available from the Derbyshire Observatory, which is a single information source for partners and organisations across the county. The update also provides information on an 'in focus' topic, in this edition 'the policy context for Derbyshire's economy'.

Contents

Overview

- UK gross domestic product (GDP) grew by 0.5% in quarter 1 of 2019 having slowed to 0.2% the previous quarter[2]. UK manufacturing has seen a GDP boost linked to companies stepping up production to build-up stock in advance of the original March Brexit deadline.
- The annual Consumer Prices Inflation (CPI) rate (including housing costs) shows that the price of goods and services has increased by 2.0% over the last year, a slight rise on the 1.8% the previous month.
- Derbyshire's economic growth is slowing according to the East Midlands Chamber of Commerce's (EMCC) most recent Quarterly Economic Survey. The region has also experienced a diminished growth rate although economic growth remains stronger than the local rate.
- Derbyshire's employment rate has dipped slightly from 79.0% to 78.8% in quarter four of 2018, but is 0.9% higher than a year earlier and also one of the highest levels in the 14 years since the current time series began.
- The overall claimant count unemployment rate in Derbyshire is currently 2.1%, 0.6% points lower than the England rate. However, levels locally and nationally have risen slightly since the early part of 2018. This largely reflects the increasing inclusion of Universal Credit (UC) claimants in the claimant count as UC requires a broader group of claimants to look for work than was the case under Jobseeker's Allowance (JSA).
- Of Derbyshire's JSA unemployment claimants, 60.6% (1,070) have been out of work for more than a year, an increase of 29.8% points over the last year. Long-term unemployment figures currently relate to just JSA claimants and this is likely to be the main factor in the rise. New claimants are now being put onto UC and therefore the figure for long-term unemployment for those that remain on JSA who have yet to be transferred on to UC is increasing as a result.
- The youth unemployment rate (aged 16-24) in Derbyshire stood at 2.9% (2,175) in May 2019, the same as for England. Having been relatively stable the youth rate in the county has risen slightly since early 2018. Again this is likely to reflect the increasing inclusion of UC claimants in the claimant count.
- In March 2019, the average price of a house in the county was £177,055 continuing the upwards trend. Average house price growth in Derbyshire stands at 3.5% compared with 1.1% across England. Although average house prices locally are £66,073 lower than across England, the gap is the narrowest it has been in more than four years.

National Performance Indicators

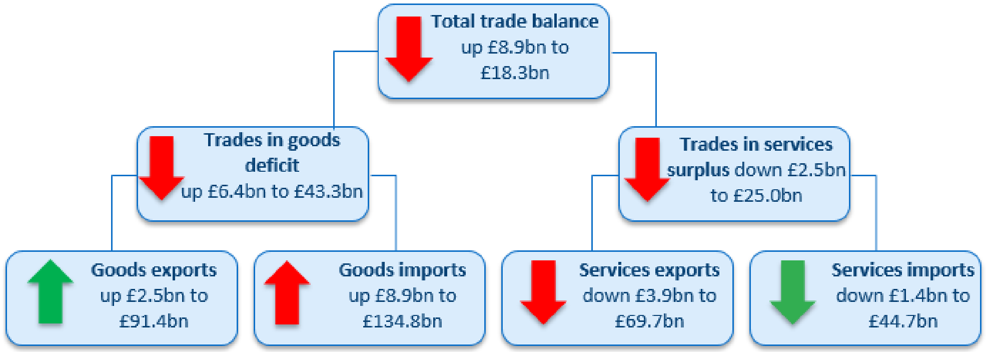


UK gross domestic product (GDP) grew by 0.5% in quarter 1 of 2019 having slowed to 0.2% the previous quarter[2]. This is marginally higher than the Eurozone where growth was 0.4% and also Germany and France where the figures were 0.4% and 0.3% respectively. The UK's growth was the same as Japan but behind the US which saw the strongest growth of the G7 nations (0.8%). Canada and Italy had the lowest growth in the G7 at 0.1% each.

Production output increased by 1.4% in the first quarter of 2019, within which manufacturing output increased by 2.2%. Services output growth slowed to 0.3%, whilst construction output increased by 1.0%. Output of the agriculture, forestry and fishing sector fell by 1.8%, providing the only negative contribution to growth. The Office for National Statistics (ONS) reports that the uncertainty surrounding Brexit has fed into the latest figures with the boost in manufacturing activity linked to companies stepping up production to build-up stock in advance of the March deadline and the drop in service activity reflecting delays in spending by some firms due the political uncertainty.

The total UK trade deficit for goods and services (the gap between imports and exports) doubled from £8.9 billion to a record high of £18.3 billion in the three months to March 2019[3]. This was mainly due to increased imports of goods with manufacturers rushing to deliver orders before the UK was due to leave the EU and also stockpiling of parts.

Total Trade Balance

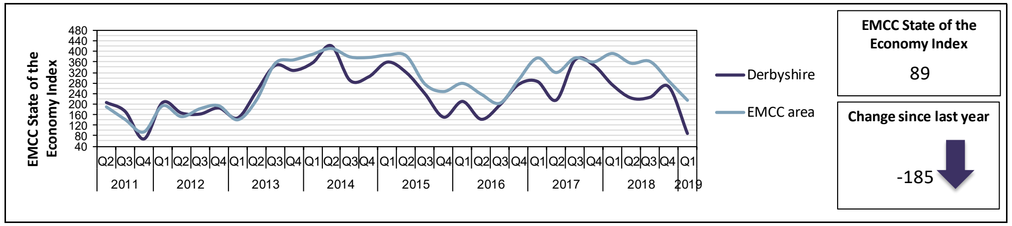


Note: the arrow direction indicates whether a component has increased or decreased, while the colour denotes the impact the direction of a movement has on the trade balance. For example, an increase in imports is denoted by an upward red (darker) arrow, as a rise in imports has a negative impact on the trade balance, while an increase in exports is denoted by an upward green (lighter) arrow, as a rise in exports has a positive impact on trade.

The Consumer Prices Index including owner occupiers housing costs (CPIH) 12-month inflation rate was 2.0% in April 2019[4], up from 1.8% in March 2019. This slight rise goes against the steady downward trend of the last year. The largest upward contribution to the rate came from housing and household services, with prices rising by 2.3% on the year. Clothing and footwear made the largest downward contribution with prices falling by 1.8%.

The Bank of England's (BoE) Monetary Policy Committee voted unanimously in favour of keeping the UK interest rate unchanged at 0.75% in June 2019[5]. The BoE feels that the boost to GDP in the first quarter of 2019 is likely to be temporary and that growth is likely to slow to around 2.0% in quarter 2. The slowdown in global growth, linked partly to the tit-for-tat trade war between the US and China, and ongoing Brexit uncertainties, are the main factors in the Bank's assessment. Business investment has been falling over the last year, and the Bank judges that the current interest rate is appropriate. It has said that the economic outlook will depend significantly on the nature of the EU withdrawal and whether the transition to the new arrangements is abrupt or smooth.

Business Conditions



Quarterly Economic Survey, Quarter 1 2019, East Midlands Chamber of Commerce.

The rate of growth in the Derbyshire economy has slowed during the first quarter of 2019, according to the East Midlands Chamber of Commerce's (EMCC) most recent Quarterly Economic Survey (QES)[6]. Although the county's economy is still growing the reduction has been significant this quarter. There has also been a slowing in growth across the region, although not quite as sharp as that locally.

The slowing in the economic growth of Derbyshire and the East Midlands has been widespread across the different economic indicators that comprise the QES. There has been a scaling back in employment and more businesses have reported a fall in sales within the UK over the last three months than those reporting an increase, and this has also been the case for future domestic orders. However, the greatest difficulty has been seen in cashflow, with reports of some customers stretching out payment terms. This has also been evident across the region although not quite to the same degree.

Encouragingly, exports have held up reasonably well, with more exporters locally reporting an increase in export sales over the past three months than a fall. There is also a positive balance of firms stating that they are investing more in training and equipment and machinery, although the latter is only very modest. Firms are also relatively optimistic about future recruitment plans and future prices in particular.

However, the overall picture this quarter is one of concern for employers. The uncertainty surrounding the March 29th deadline for Brexit at the end of quarter one appears to have created some stress in the economic landscape. More firms than not are optimistic about future profitability and particularly turnover, despite both the figures being the lowest since the end of 2011.

Investment

Invest in Derbyshire and the Derbyshire Economic Partnership received ten enquiries between February and April 2019[7], four more than the previous quarter and one less than the same period a year ago. The year-end figure of 34 for 2018-19 is behind the corresponding figure for 2017-18 which stood at 46. It is very likely the reduced levels of enquiries may reflect uncertainty surrounding Brexit, with reports nationally suggesting that some firms are holding back on investments until there is greater clarity. The majority of the enquires (seven) were from the innovation and advanced manufacturing sector, with two from retail and leisure and one from the education sector.

The Markham Vale regeneration site continues to grow with the ongoing addition of new companies to the business community. On Markham Vale North, construction is progressing on a 52,500 sq. ft. building for Protec International creating 20 new jobs when the facility becomes operational at the end of 2019. The company supplies flame retardant temporary protection materials to the construction and house building sectors. On Markham Vale West, construction has started for a speculative development of a 55,000 sq. ft. factory unit. Meanwhile on Markham Vale East, Derbyshire Distillery who produce locally branded gin have located into the vacant Unit 6 in Waterloo Court. An enquiry was received during the quarter, for a 9,100 sq. ft unit on one of the few remaining plots on the eastern phase, and terms have been subsequently agreed pending all further approvals being secured.

The annual Markham Vale Jobs survey was concluded at the end of March showing that a total of 2,236 people are employed in full time posts, a significant increase on last year's total of 1,628.

Job Losses and Gains

The following job losses and gains information relates to Derbyshire (including Derby City), and is drawn from articles in the local press between February and April 2019.

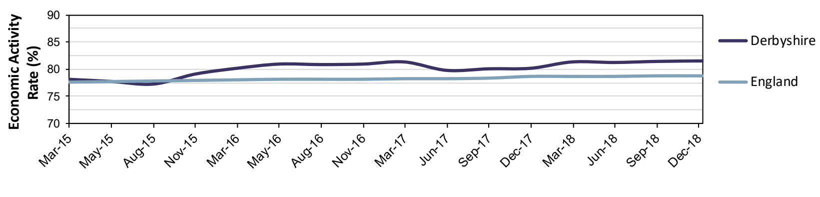
Job Losses

There were no articles covering job losses in Derbyshire during this quarter.

Job Gains

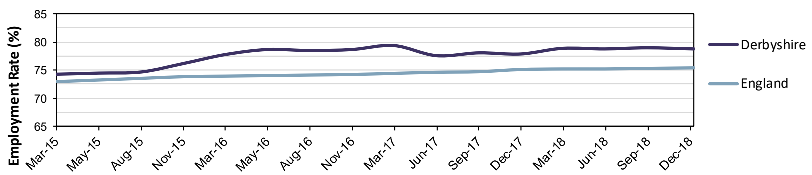
- Plans were passed in March for a new office block in Derby that will house more than 300 office workers.
- At the end of March, Amazon announced that a new warehouse is to be located in Barlborough could lead to 200 permanent jobs.
- At the beginning of March, John Pye Auctions in Chesterfield announced that it will be creating 150 jobs over the next few years.
- Development work started at the end of May on the extension to Hotel Van Dyk, Chesterfield, that will employ around 100 new staff when completed.
- In April, Leengate Valves, Somercotes, completed a buyout of its private equity partner and embarked on a growth plan that has seen employee numbers increase to over 40.
- At the end of March, the opening of the new Aldi store at Bakewell, created a mix of 30 full and part-time jobs
- The opening of a new B&M store in Bolsover in March has created a mix of 10 full and part-time jobs.

Labour Market Participation



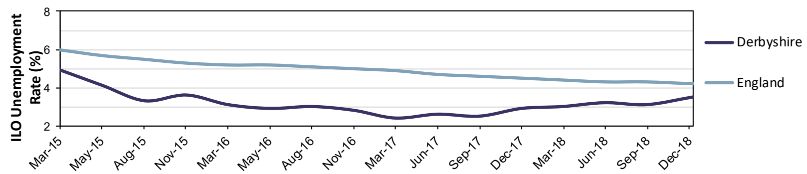
Derbyshire economic activity rate (aged 16 - 64)
81.6%

Change since last year
1.4% points (3,700)



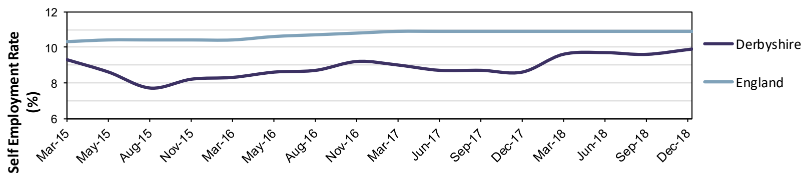
Derbyshire employment rate
78.8%

Change since last year
0.9% points (1,000)



Derbyshire ILO unemployment rate (aged 16-64)
3.5%

Change since last year
0.6% points (2,500)



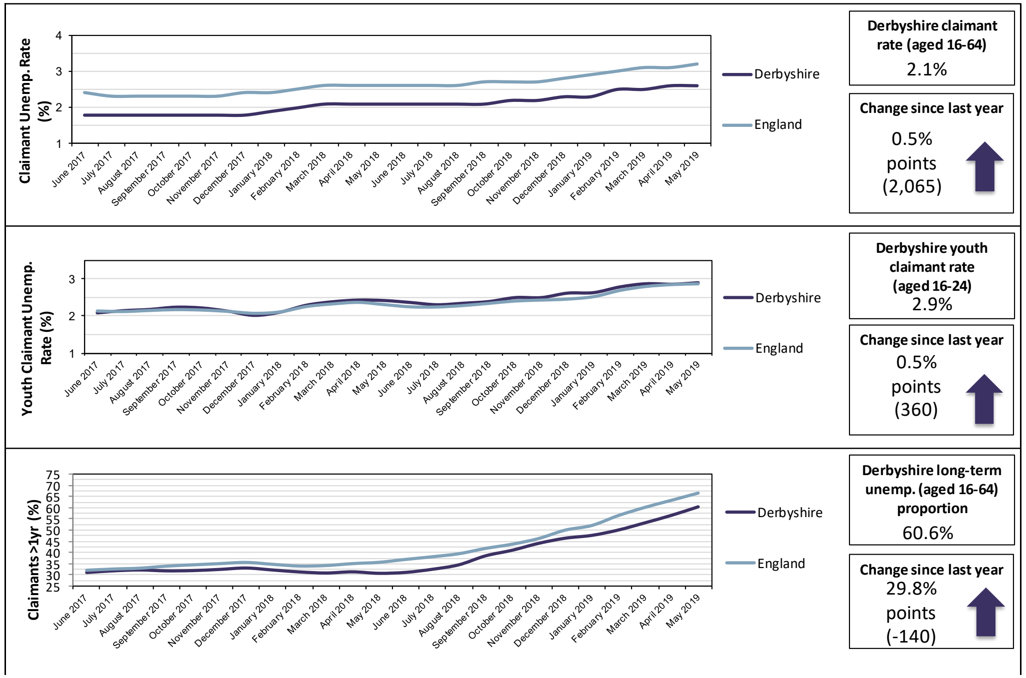
Derbyshire self employment rate (% aged 16-64)
9.9%

Change since last year
1.3% points (6,000)

Source: Annual Population Survey, January 2017-December 2018, ONS (Nomis) © Crown Copyright.

The employment rate[8] in Derbyshire has dipped slightly from 79.0% to 78.8% in the final quarter of 2018. However, it is still 0.9% higher than a year earlier and is also one of the highest employment rates seen in the last 14 years. Over the last year, Chesterfield (+4,900) and Bolsover (+2,700) have seen the biggest increases in employment levels and High Peak (-4,300) the largest fall.

International Labour Organisation (ILO)[9] unemployment is regarded as the official measure of unemployment. Whilst the rate for England has continued to fall over the last 12 months, the Derbyshire rate has continued to edge upwards, rising from 2.9% to 3.5%. However, it is likely that this reflects the greater inflow of people into the labour market who were economically inactive outweighing those who have lost their jobs. This is reflected in the increase in the economic activity rate over the last year, which has risen by 1.4%[10]. Self-employment levels have risen strongly over the last year locally continuing the recent upward trend and the gap with England has closed to just 1.0%. The unknown factor is the extent to which self employment represents a positive choice for Derbyshire or one born out of necessity.

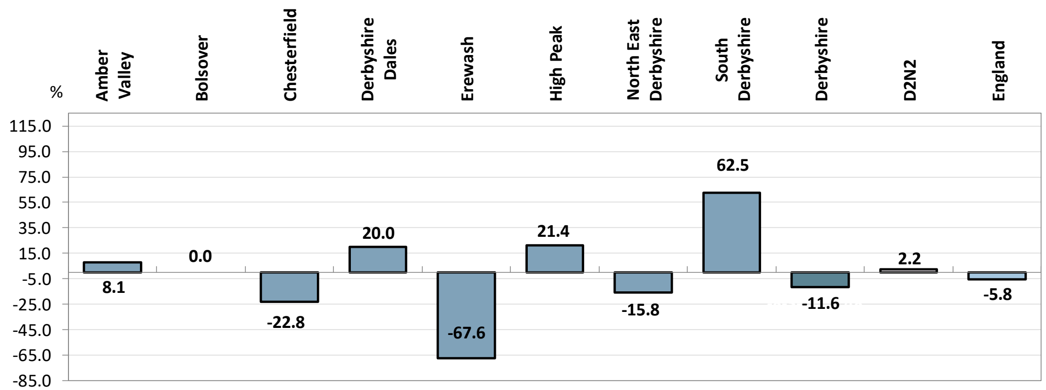


Source: Claimant count (overall and youth) and JSA (long-term), May 2019, ONS (NOMIS) © Crown Copyright.

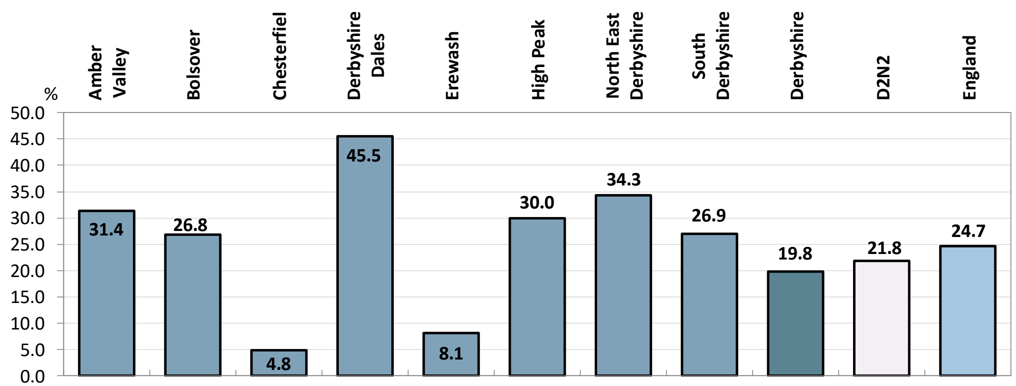
The claimant count unemployment rate in Derbyshire, based on a count of all people claiming Jobseekers Allowance (JSA) and those claiming Universal Credit (UC) who are required to seek work, is currently 2.1% (10,080 residents), 0.6% points lower than the England rate[11]. Following nearly three years of relatively stable unemployment, the rate has risen slightly since the start of 2018. This largely reflects the increasing inclusion of UC claimants in the claimant count as UC requires a broader group of claimants to look for work than was the case under Jobseeker's Allowance. The number of wards where the rate of unemployment is more than double the national rate remains at three this quarter, the three wards being the same. These are Cotmanhay and Awsworth Road in Erewash and Rother in Chesterfield.

Of Derbyshire's JSA unemployment claimants 60.6%, 1,070 residents, have been out of work for more than a year, an increase of 29.8% points over the last year. The respective figures nationally are 66.8% and an increase of 31.1%. Long-term unemployment figures are based purely on JSA claimants and this is likely to be the main factor in the rise. New claimants are now being put onto UC and therefore the figure for long-term unemployment for those that remain on JSA who have yet to be transferred on to UC is increasing as a result. The number of long-term unemployed residents has risen in three districts, fallen in four and remained the same in one. South Derbyshire has again seen the largest increase, although this is from a low base of 40 rising to 65. Erewash has again seen the greatest decline.

Annual % change in long-term unemployment (May 2018 to May 2019)



Annual % change in youth unemployment (May 2018 to May 2019)



Source: JSA (long-term) and claimant count (youth), May 2019, ONS (NOMIS) © Crown Copyright

Note: D2N2 is the Local Enterprise Partnership covering Derby, Derbyshire, Nottingham and Nottinghamshire

The unemployment rate[12] in Derbyshire stood at 2.9% (2,175) of people aged 16-24 in May 2019, the same as England. Having been relatively stable since spring 2015, the youth unemployment rate in the county has edged up slightly since early 2018 as has overall unemployment.

There has been an increase in the number of young people unemployed in all of the Derbyshire districts, with the greatest increase being in Derbyshire Dales (45.5% or 25 residents) followed by North East Derbyshire (34.3%) and Amber Valley (31.4%). Chesterfield has seen the smallest rise (4.8%). The phased introduction of UC and its broader requirements to look for work is a significant factor in the increases across the districts. There are eight wards where the rate of youth unemployment is more than double the national rate, a reduction on the last quarter (13 wards). This includes the wards of Cotmanhay (9.8%) and Awsworth Road (8.2%) in Erewash, Rother (8.9%) in Chesterfield and Elmton-with-Cresswell (7.1%) in Bolsover that have rates above 7.0%.

The labour market in Britain is currently very tight with record employment meaning that employers are having to compete harder to attract the employees they need. However, across the UK economy, more people are wanting to work fewer hours than more hours and nearly 10% of adults have never undertaken paid work[13]. Locally there are currently nearly 90,000 people who are not active in the labour market[14].

Additionally, despite unemployment rates being at record lows, there are nearly 2,200 16-24 year olds in Derbyshire who are on the claimant count wanting to work. Recent research has highlighted that school leavers from poorer backgrounds are twice as likely to be out of work than those from non-poor families, and the subject of social mobility and the extent to which those from more disadvantaged backgrounds are able to access, contribute to and progress in the labour market is attracting increasing focus.

With the working age population locally forecast to decline over the years ahead, ensuring that those out of work who want to work are able to secure a job is vital, as is enabling those individuals who are currently out of the labour market but who may wish to join it are able to.

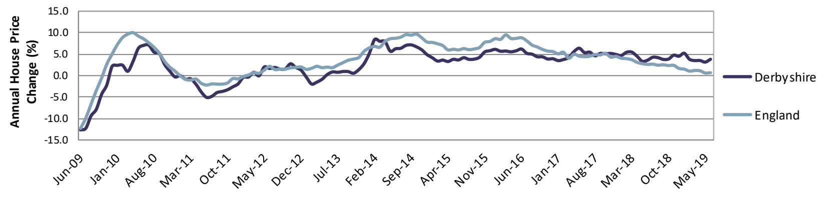
The table below provides data for some of the key benefits available.

Indicator	Number	Rate (%)		Annual change		Annual trend
		Derbyshire	England	Number	%	
Individual benefits (November 2018 except UC and JSA/sanctions*)						
Employment Support Allowance (ESA)	27,970	5.7	5.1	-2,180	-7.2	↓
- Long term claimants (1yr or more)	25,480	91.1	90.8	-120	-0.5	↓
- 18 to 24 year old claimants	1,770	6.3	5.9	-530	-23.0	↓
Lone Parent Income Support (LPIS)	3,140	0.6	0.8	-680	-17.8	↓
- Long term claimants (1yr or more)	2,560	81.5	81.5	-170	-6.2	↓
- 18 to 24 year old claimants	610	19.4	18.1	-320	-34.4	↓
Personal Independence Payment (PIP)/ Disability Living Allowance (DLA)	51,266	7.8	6.8	-15	0.0	↓
Universal Credit (UC)	19,885	4.1	4.8	12,013	152.6	↑
JSA/UC sanctions	12	0.0	0.0	-197	-94.3	↓
Carers allowance - working age group	11,110	2.3	2.1	450	4.2	↑
Household benefits (February 2019)						
Housing Benefit claimants	38,359	11.2	14.0	-5,787	-13.1	↓
Households affected by removal of Spare Room Subsidy	3,923	10.2	7.8	-788	-16.7	↓
- 1 Bedroom	3,228	82.3	81.9	-692	-17.7	↓
- 2 or more bedrooms	694	17.7	18.1	-94	-11.9	↓
Benefit Cap	375	0.1	0.2	-123	-24.7	↓

Source: Department for Work and Pensions (DWP)/ONS (Nomis) © Crown Copyright.
Notes: * UC April 2019 and JSA/UC sanctions January 2018

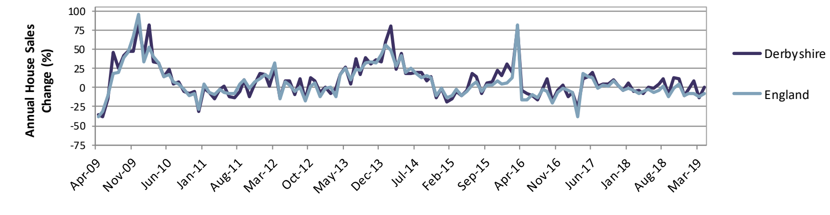
In Derbyshire, 5.7% of working age people are claiming ESA. Of these, 91.1% have been claiming ESA for over 12 months. Lone parents claiming income support make up 0.6% of the working age population, with 81.5% having claimed for more than a year. Nearly 20.0% are aged 18-24 with the number of young people claiming LPIS having fallen significantly over the last year locally. The number of residents 16+ claiming PIP/DLA is more than 51,200, representing 7.8% of those in this age group.

The number of UC claimants in the county has risen to 19,885, increasing by over 12,000 over the last year as claimants are transferred across from other benefits. Encouragingly, over the last 12 months there has been a reduction in the number of people claiming JSA/UC who have had their benefit stopped or reduced through sanctions. There are 11,110 people locally claiming carers allowance, a slight increase on the year before. Over 38,000 (11.2%) Derbyshire households are claiming housing benefit, with around 3,900 affected by the removal of the spare room subsidy[15]. Around 370 households had a benefit cap applied to them.



Derbyshire average house price
£181,383

Change since last year
3.9%
(£6,847)



Derbyshire house sales
943

Change since last year
0.1%
(1)

Source: UK House Price Index, ONS and Land Registry, June 2019, © Crown Copyright.

In March 2019, the average price of a house in the county was £177,055 with the overall trend continuing upwards. Average house price growth in Derbyshire stands at 3.5% compared with 1.1% across England. Although average house prices locally are £66,073 lower than across England, the gap is the narrowest it has been in more than four years. All districts have seen prices rise over the last year, other than Bolsover (-1.0%). The greatest increase has been across Derbyshire Dales (10.5%). Over the last year there has been a fall in house sales in Derbyshire of 7.0% although this is below the fall of 12.9% nationally.

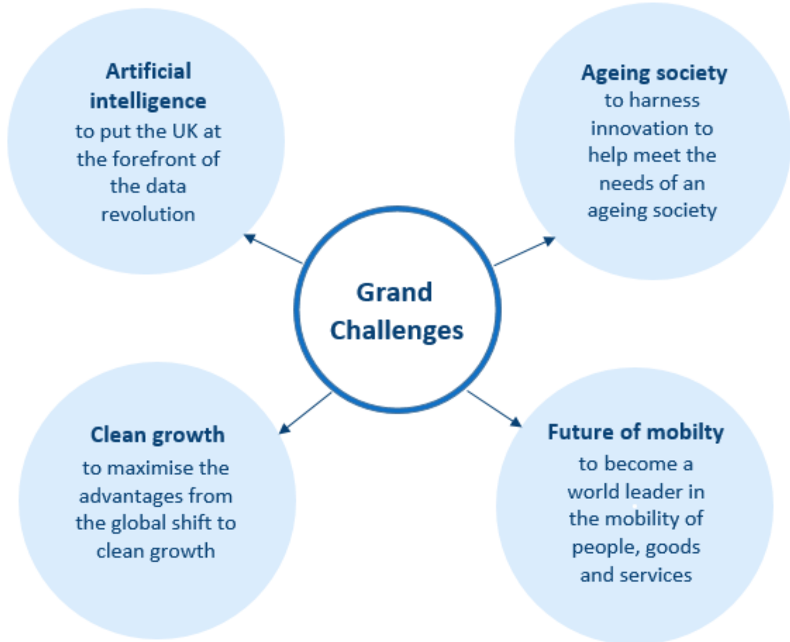
National annual house price growth has been falling since March 2016. This has been driven by falling prices in the south and east of England. Reduced demand is behind the trend. Brexit-related uncertainty is a factor with some households likely to have delayed buying or moving house, although the avoidance of a disruptive Brexit at the end of March may provide some temporary support. Affordability is also likely to have had an effect as have policy changes to the buy-to-let market such as increases in stamp duty on second properties. Additionally, an increase in housing supply may also have dampened price growth. There is however, considerable variation in house price inflation across the UK regions, with Yorkshire and the Humber and the West Midlands showing the greatest annual growth at around 4.0% and the East Midlands not far behind at 2.9%. The North-South divide appears to be narrowing with increased ability to travel between the regions being a factor.

The policy context for Derbyshire's economy

The UK's economy continues to grow providing many opportunities for individuals and businesses. However, there are also significant challenges including lower productivity levels, increasing economic global competitiveness and uncertainty for business arising from potential changes to the funding environment linked to Brexit. This 'in-focus' outlines some of the current national and local policy drivers for the county alongside some of the strengths and weaknesses outlined in the latest Local Economic Assessment for Derbyshire.

Policy drivers

The Government's Industrial Strategy is the overarching national policy driver for improving the UK's economic performance. It aims to put the UK at the forefront of the industries of the future to improve people's lives and productivity. A key part of the delivery of the Industrial Strategy (IS) will be the development of Local Industrial Strategies (LISs), discussed in more detail later. The IS sets out the following four grand challenges.



The Industrial Strategy Challenge Fund is a core pillar in the government's commitment to increase funding in research and development and innovation by £4.7 billion over four years to strengthen UK science and business.

Funding plays a significant role in supporting economic growth. The funding environment for much of the economic development activity across the UK is about to undergo a major change. After the UK leaves the European Union, it will no longer receive money from the European Structural Funds. These have played a significant part in the development of economies across the UK, contributing about €2.4 billion per year nationally.

As part of the changes there will be funding available to business through the UK Shared Prosperity Fund (SPF), which the government has pledged to set up to replace European funding from 2021. The detail of how this fund will be administered has yet to be decided and the government will be consulting on possible approaches. European Funding has provided a significant boost to economic prosperity in Derbyshire so it is important that the county is able to continue to benefit once the SPF is in place. There is concern amongst some partners that more rural counties such as Derbyshire may lose out to more urban areas depending upon how need within communities is determined.

The government recognises that every region in the UK, including the Midlands, has a role to play in boosting the national economy and is supporting businesses and residents throughout the East and West Midlands via the Midlands Engine. The Midlands Engine is a coalition of councils, combined authorities, local enterprise partnerships, universities and businesses actively working with government to build a collective identity and present the Midlands as a competitive place for investment. The Midlands Engine area has over 10 million residents, 800,000 businesses and is worth more than £230 billion to the UK economy. The vision is for the Midlands Engine to be the driver of the UK economy and is supported by five areas of focus:

Midlands Connect: improving connectivity in the Midlands could boost the UK economy by £5 billion a year and contribute to the Midlands Engine's aim of creating 300,000 additional jobs by 2030

Skills: tackling the mismatch between business skills needs and the skill levels of Midlands residents. The launch of the £20 million Midlands Skills Challenge aims to support this and improve employment prospects for people in the regions

International trade and investment: working with the region's businesses and partners to grow international trade. The Midlands Engine Investment Fund is providing over £250 million to boost small and medium sized business in the region

Science and innovation: creating an environment where science and innovation strengths can be maximised, with universities and businesses working together. There are four key sectors, with three being potential growth sectors for Derbyshire, next generation transport, future food processing and energy and low carbon

Place: promoting the region as a great place to live, visit, learn and work, and developing a regional branding to strengthen its reputation across global markets

In addition to UK regions being central to a productive economy, the government has reaffirmed its commitment to local enterprise partnerships (LEPs). D2N2, the LEP responsible for Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) has recently updated its Strategic Economic Plan (SEP), the overarching framework for economic wellbeing locally. D2N2 has a relatively large number of people in lower paid jobs and with the working age population forecast to grow slowly, the new plan represents a shift towards driving up productivity levels to create an economy with higher-value, better-paid jobs. It sets the vision to be in the top quarter of productive local economies in Europe by 2030.

As noted earlier Local Industrial Strategies will underpin the national Industrial Strategy with D2N2 to be the lead in producing one locally. LISs will set out actions to raise productivity and earning power in local economies by boosting skills, increasing innovation, improving infrastructure and supporting business growth. They will guide local policy-making and influence the allocation of funding. D2N2 is aiming to submit a draft to government by November 2019 with the refreshed SEP to inform the development of this. The LEP has also identified some areas where further analysis maybe needed in developing the document. These include the impact of technological and demographic trends on local labour markets, understanding D2N2's key industrial specialisms, assets and supply chains, and the identification of the underlying determinants of D2N2's poor skills, workforce health and social mobility.

Skill utilisation and development are key to the delivery of both the SEP and emerging Local Industrial Strategy. The Government has recently announced a new structure to help drive forward the skills agenda across the country. Skills Advisory Panels (SAPs) will aim to bring together local employers and skills providers to pool knowledge and address key local challenges. D2N2 will be leading on the development of the panel locally, with its People and Skills Board set to take on this role. It is intended that analysis from the panel will help to shape the LIS.

Derbyshire County Council's Economic Regeneration Unit takes the lead within the Council in driving economic development, working closely with the D2 Joint Committee and Derbyshire Economic Partnership. These are public and private sector partnerships that work to facilitate a coordinated approach to economic improvement across the wider county, including Derby City.

Derbyshire County Council's (DCC's) Employment and Skills Strategy (ESS) 2019-2023 is an important part of the Council's approach to delivering economic prosperity across the county. It seeks to align workforce skills with the needs of local employers and ensure training provision meets the demands of a modern economy. A number of strategic aims will underpin the delivery of the strategy. These include supporting employers to create accessible, quality and sustainable work and training opportunities, acting as a system leader to improve the effectiveness and efficiency of the employment and skills system, and co-ordinating and sharing intelligence across partners.

Key to the development and delivery of the Strategy is having in place robust evidence providing analysis of the economic characteristics and performance of Derbyshire. The ongoing work of DCC's economic regeneration team and shaping of priorities in the ESS is underpinned by the Council's economic evidence base, the Local Economic Assessment.

The recently published Derbyshire Local Economic Assessment 2019 outlines some of the key characteristics of the county's economy, assesses how it has performed over the last five years and identifies strengths and weaknesses to inform policy development across partners.

Overall, the Derbyshire economy is performing reasonably well although there are some signs that the current uncertain economic climate is causing difficulties for businesses. The county's economy has continued to grow and is now worth £15.2 billion. Productivity levels are rising at a level above the national rates, employment rates remain above the England average and are amongst the highest they have been in recent years. Business survival rates are also strong and qualification levels are on the rise. However, there was a fall in the number of businesses between 2016 and 2018 with 2017 being the first time since 2012 when fewer businesses (2,895) were formed than were closed (3,140).

Derbyshire's economy is worth **£15.2 billion** a value that continues to increase

Change last 5 years
Derbyshire +6.4%
England +10.0%

Change last year
Derbyshire +0.3%
England +2.0%

Productivity levels have improved significantly in Derbyshire with output per hour now **£30.70**, reducing the gap with England

Change last 5 years
Derbyshire +17.5%
England +11.0%

Change last year
Derbyshire +2.3%
England +2.5%

Open
Closed

2,895 new businesses set up in the county in 2017, the first time in five years when there were fewer business start-ups than closures in the county

Change last 5 years
Derbyshire -0.1%
England +1.6%

Change last year
Derbyshire -2.1%
England -1.8%

Derbyshire has strong business survival rates with **64.0%** of firms in existence after 3 years compared with 61.4% for England

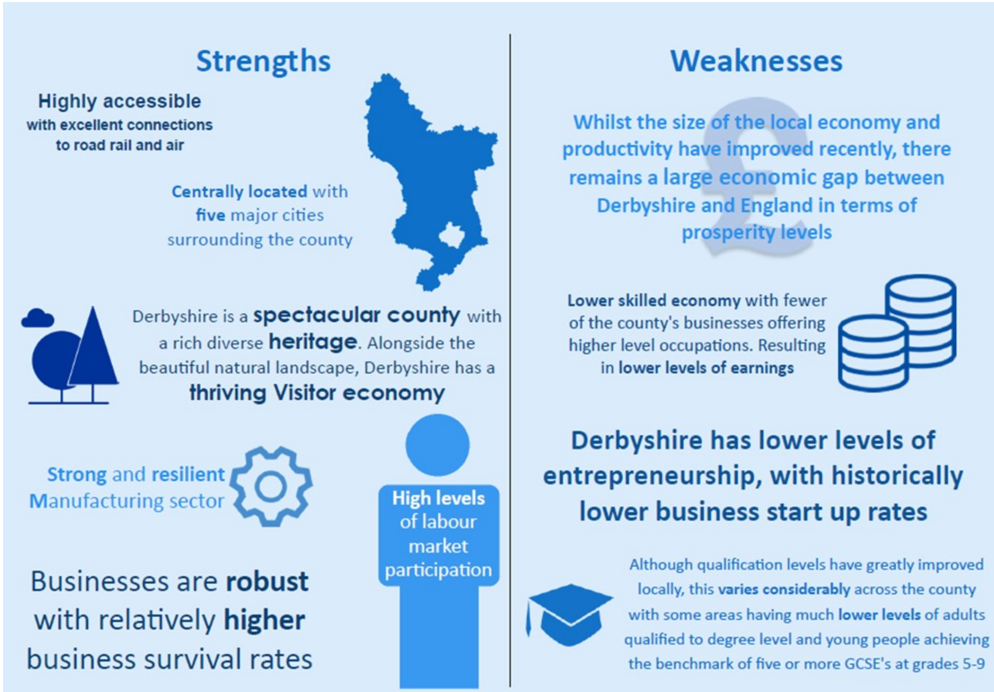
Change last 5 years
Derbyshire +2.8% points
England +1.7% points

Change last year
Derbyshire +0.7% points
England +0.5% points

Improving productivity levels is vitally important for the UK economy. Both GVA and productivity levels have greatly improved in Derbyshire over recent years. A key challenge is to ensure productivity levels continue to improve and the economic gap between Derbyshire and England is reduced further. This will require a significant shift in the county's industrial structure and a move away from a reliance upon traditional industries that are predominantly low skilled and lower paid. This can be achieved by building on the county's existing strengths in manufacturing which provides jobs for over 55,000 employees (18.9%) locally. Supporting the sector to grow and develop will be important as well as attracting new innovative businesses

to invest and locate in the area. The emerging transformation of industry under the banner of Industry 4.0. as a result of greater automation and data will be part of this.

The low carbon sector is another area where there is potential to create more higher value opportunities. This sector is rapidly emerging as a key sector for the UK due to the need to reduce our carbon footprint and Derbyshire is well placed to take advantage of the opportunities presented by the green economy.

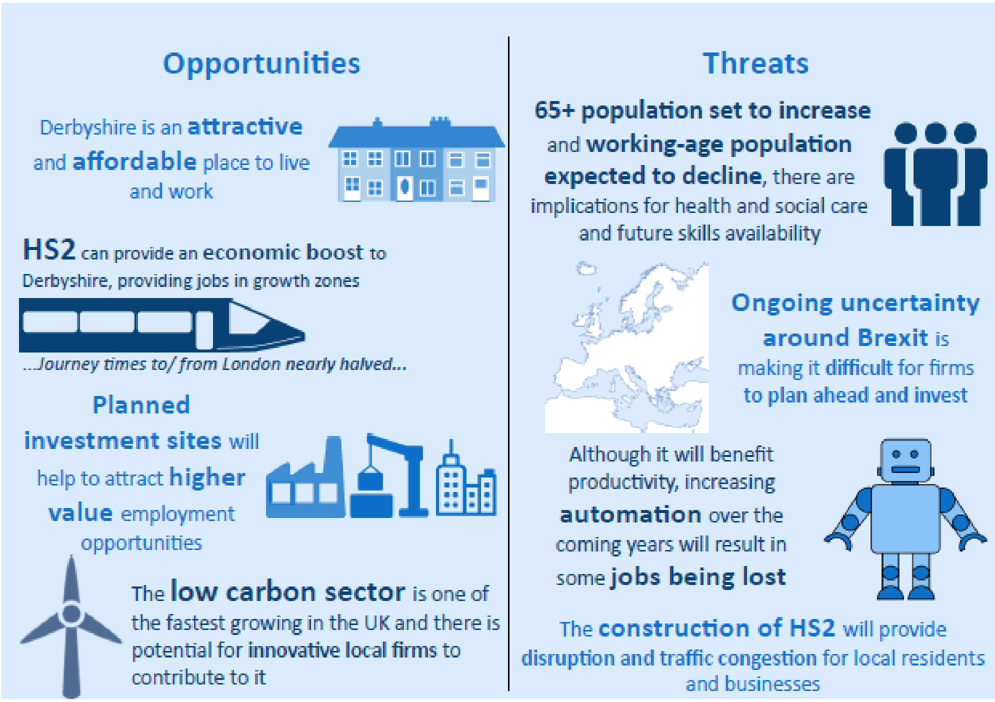


Derbyshire is centrally located within England and is well connected with an excellent transport infrastructure. Ensuring the maintenance and development of the local transport network is managed well is crucial to supporting the economy and its future growth. In particular, the planned HS2 route through the county will offer improved connectivity and many opportunities for the local area, although there will be some disruption during the construction phase.

An accessible digital infrastructure is also essential for local businesses to operate and compete. The £34 million Digital Derbyshire programme is playing a key role in ensuring the county's homes and businesses have access to high quality broadband and mobile services. The development of several key investment sites in Derbyshire are also supporting economic growth across the county.

Rebalancing the economy in favour of the private sector is another government priority that aims to stimulate a more dynamic economy, increase entrepreneurial activity and generate economic growth.

Derbyshire has a resilient and stable business base with more of the county's firms surviving than nationally. Whilst this suggests that business support programmes in the area are operating well, the level of entrepreneurship in the county is of concern with business start-ups reducing over the last year and remaining well below the national average. This is likely to be due to a number of factors but the ongoing uncertainty around Brexit will have contributed. Supporting existing businesses to grow and encouraging new enterprises to start-up is essential for job creation, productivity improvements and economic growth.



Although the county's population is forecast to experience only moderate growth over the next 20 years there is considerable change forecast for specific age groups. The retired population in Derbyshire is set to increase significantly, whilst the working age population is expected to decline. The county currently has strong levels of labour market participation with high employment rates. Given the diminishing supply of labour, maintaining the high levels of labour market participation will be fundamental to local businesses and the wider economy.

Although adult qualification levels have improved significantly at all levels over recent years, fewer local residents are qualified to degree level or above than nationally. Analysis suggests this is compounded by the relatively large number of highly skilled residents who travel outside of the county for employment. Whilst educational attainment in Derbyshire is largely in line with the national average, disparities exist across the county making it more difficult for some young people to enter and progress in the labour market.

Conclusion

The county's economy has continued to improve despite the current uncertain economic landscape. Derbyshire has many economic strengths, however there remain areas where it is not achieving its full potential. The key economic drivers discussed at a national and local level and the changing socio-economic landscape provide the context for future development, presenting Derbyshire's residents, businesses and policy-makers alike with a range of challenges but also opportunities.

Having a collective understanding locally of how Derbyshire is performing is important. The Derbyshire Local Economic Assessment can play a part in this and help to shape the development and implementation of policy drivers such as the D2N2 Local Industrial Strategy. D2N2 is keen to draw on the resources, knowledge and capacity of partner organisations as the work of the LIS and Skills Advisory Panel are developed. The LEA can help inform these processes. Additionally, at a local level the LEA will be supporting the implementation of the Derbyshire Employment and Skills Strategy as well as the Derbyshire Economic Strategy Statement, DCC's economic strategy.

End Notes

[1]Data for Derbyshire in the review does not include Derby City unless otherwise stated.
[2] GDP, Quarter 1 2019, Office for National Statistics (ONS) © Crown Copyright, and Organisation for Economic Co-operation and Development, Quarterly GDP, Quarter 1 2019.
[3] Statistical Bulletin, UK Trade, March 2019, ONS © Crown Copyright.
[4] Statistical Bulletin, Consumer Price Inflation (CPI), April 2019, ONS © Crown Copyright.
[5] Monetary Policy Committee Decision, June 2019, Bank of England and BOE Inflation Report, May 2019.
[6] Quarterly Economic Survey, Quarter 1 2019, East Midlands Chamber of Commerce.
[7] Derbyshire Economic Partnership, 2018-2019.
[8] The employment rate is the percentage of the working age population (age 16-64) who are employed.
[9] The economic activity rate is the percentage of the working age population (age 16-64) who are employed or International Labour Organisation (ILO) unemployed.
[9] ILO unemployment is regarded as the official measure of unemployment. It has a much wider definition than the claimant count of unemployment and includes people who are out of work and claiming Jobseekers Allowance or Universal Credit (UC) as well as those who are actively looking for work but not necessarily claiming unemployment related benefits. The ILO defines the unemployed as people who are without work, are available to start work within the next two weeks, and have actively sought work within the previous four weeks. This is used in the Annual Population Survey and is not compatible with claimant count unemployment.
[10] The economic activity rate is the percentage of the working age population (age 16-64) who are employed or International Labour Organisation (ILO) unemployed.
[11] Claimant count unemployment is derived from administrative data generated by the system of benefits paid to people who are out of work. It is a different definition and measure of unemployment than the ILO unemployment noted above. Additionally, claimant count unemployment published by the ONS now includes Universal Credit claimants as well as Jobseekers Allowance claimants. This is now the headline measure of unemployment. Data for the youth unemployment rate is based on the Claimant Count and that for long-term unemployment is still based on Jobseekers Allowance claimants.
[12] Youth unemployment relates to people aged 16-24. The rates at ward level are unofficial and have been calculated using population figures from the Mid-Year Population Estimates published by ONS.
[13]Analysis from economic inactivity section on ONS website, February 2019.
[14]Research briefing, Establishing the Employment Gap, April 2019, Impetus/Centre for Vocational Educational Research/National Institute of Economic and Social Research
[15]Housing benefit spare room subsidy is shown as a % of those households claiming housing benefit.

Version	Author	Date	Contact
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Source		**Geography**	
Various, see End Notes		Derbyshire, England	

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